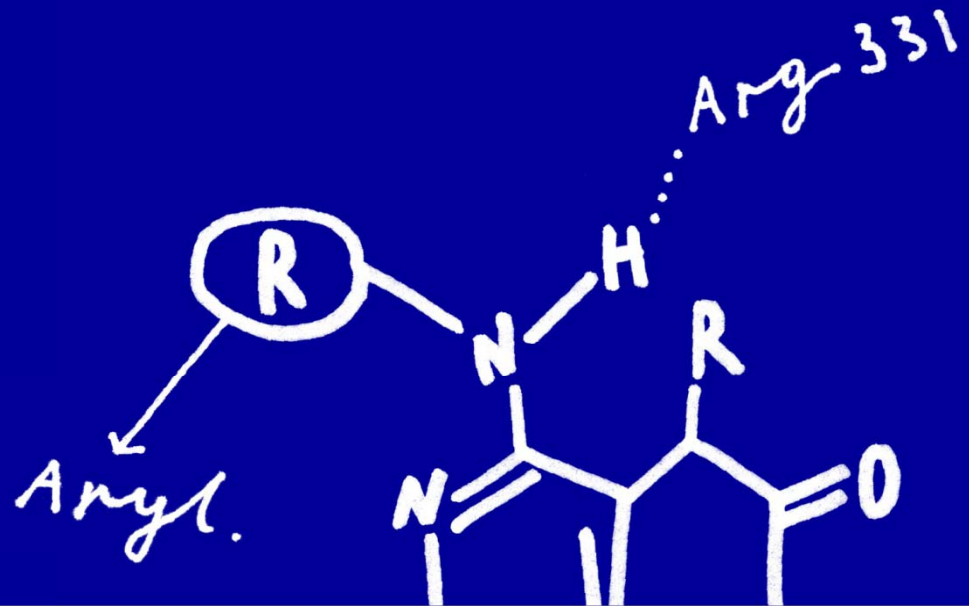


# Go for GROWTH!

## Acquisition of Compound Focus Inc.



## Forward-looking statements

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*Information set forth in this presentation contains forward-looking statements, which involve a number of risks and uncertainties. The forward-looking statements contained herein represent the judgement of Evotec as of the date of this report. Such forward-looking statements are neither promises nor guarantees, but are subject to a variety of risks and uncertainties, many of which are*

*beyond our control, and which could cause actual results to differ materially from those contemplated in these forward-looking statements. We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any such statements to reflect any change in our expectations or any change in events, conditions or circumstances on which any such statement is based.*

# Acquisition of Compound Focus Inc.

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## Summary

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### Strategic rationale

- Evotec expands integrated drug discovery alliance solutions with best in class, profitable offering in compound management

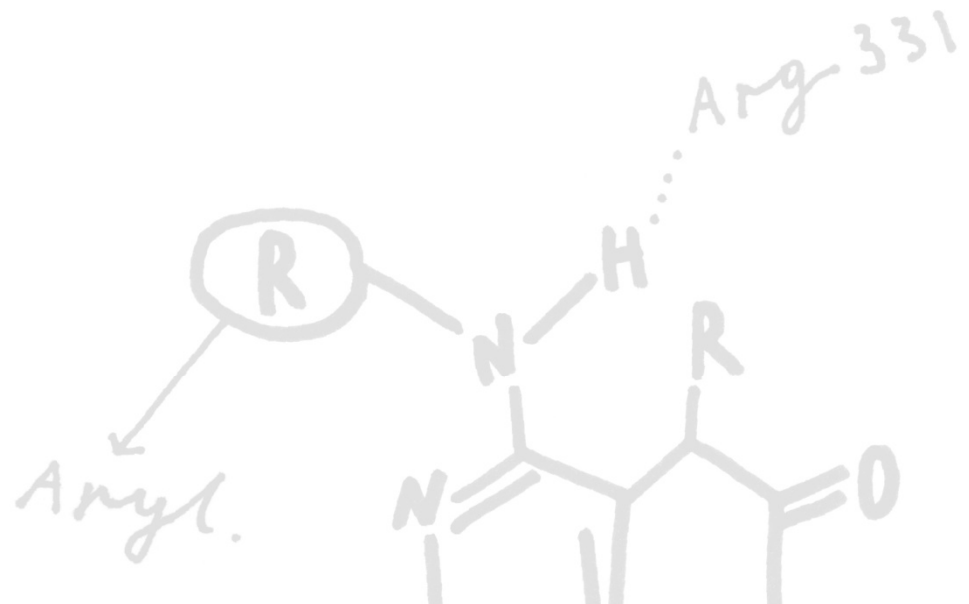
### Structure

- Evotec acquires all shares in Compound Focus Inc. from BioFocus, a Galápagos company;  
Total deal value €12.5m in cash  
Upfront: €10.25m; earn-out of up to €2.25m, payable over the next 2 years, depending on revenues and certain corporate milestones
- Compound Focus, Inc. will be renamed into “Evotec (San Francisco) Inc.” as US entity within the Evotec group; business will be fully integrated into Evotec’s global operating structures
- Transaction will add ca. €6 – 8m revenues p.a. with solid profitability

## Agenda

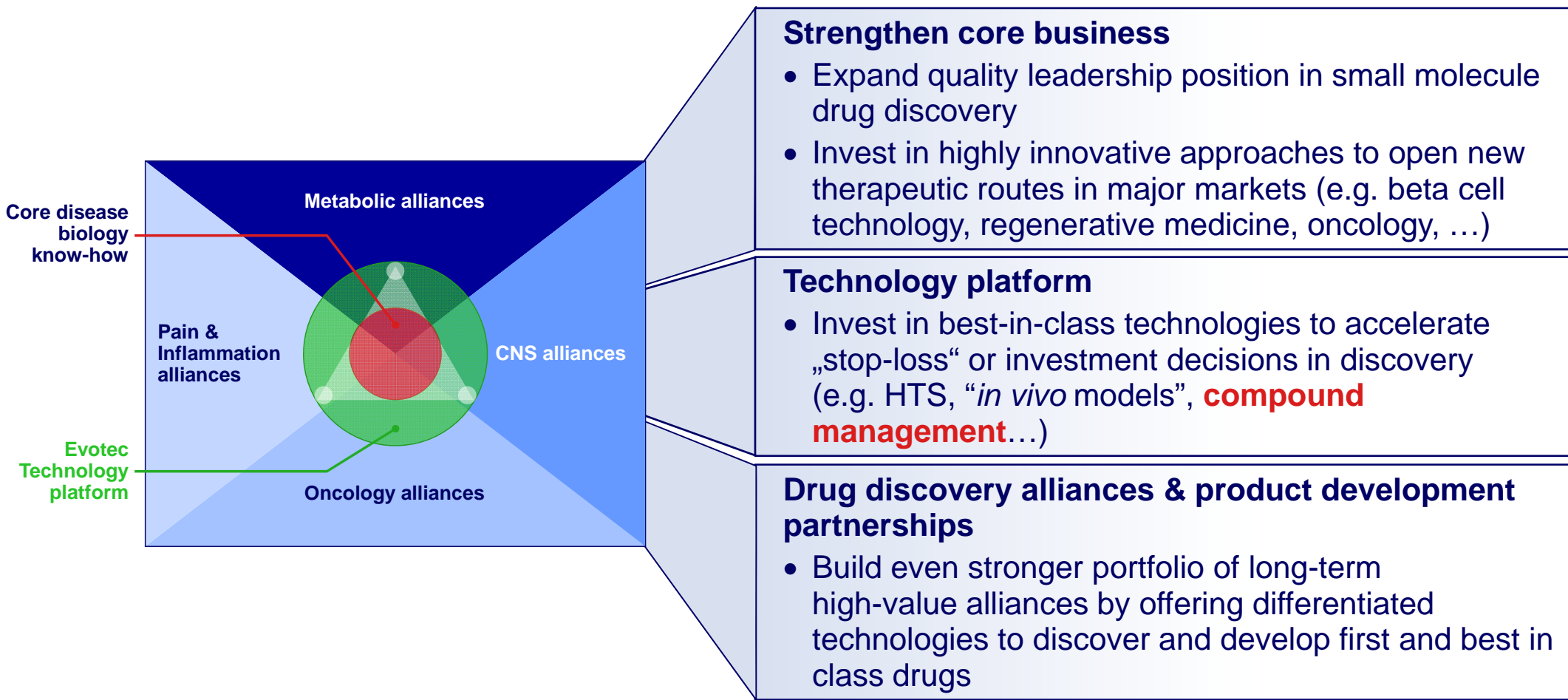
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- **Market opportunity & strategic rational**
- Company profile and competitive advantage
- Transaction & Outlook



# Building best in class drug discovery infrastructures

## Strategic imperatives for our business model



# Better solutions for integrated drug discovery alliances

Strategic rational of acquisition

## Industry drivers in compound management

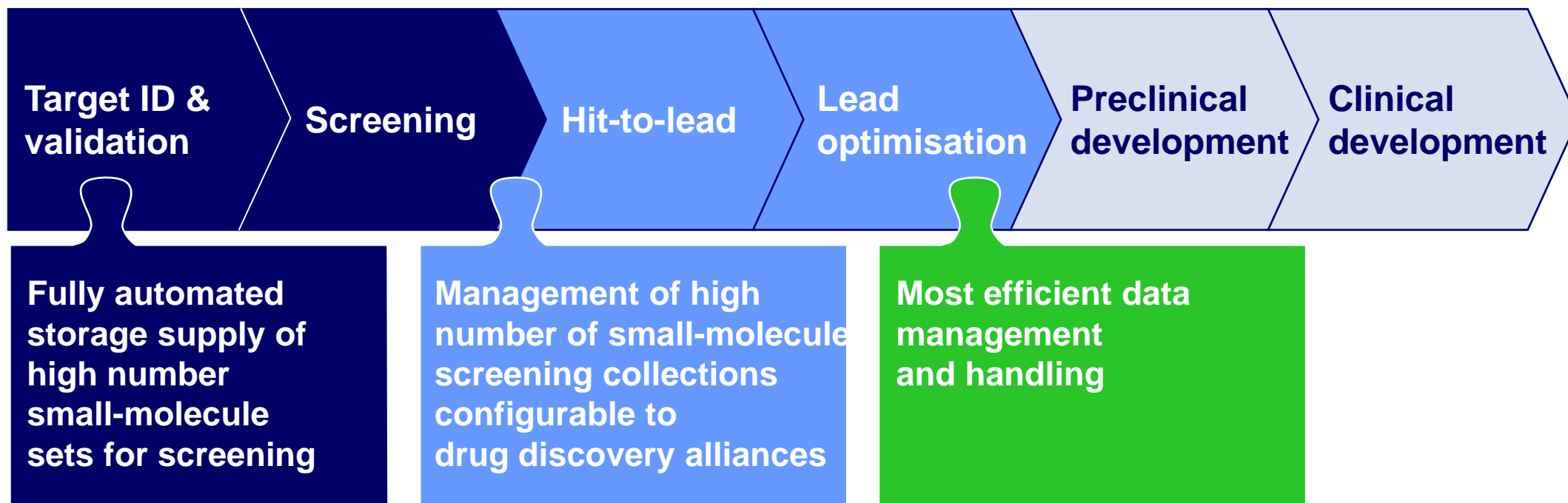
- 1 High expenses in specialized infrastructure (IT, robotics, analytical support)
- 2 Complexity of tracking and managing data, compound handling
- 3 Variety of storage conditions, safeguarding compound integrity
- 4 Regulatory reliance, speed and cost efficiency

- Increasing outsourcing of compound management
- Critical for government and NFPO's with no capabilities
- Efficiencies improved by modern technology platforms
- Few competitors due to high costs of entry
- Compound Focus clear market leader and opportunities for growth through added services and market reach

# Compound management as an integrated solution in our alliances

Role of compound management in Evotec's value chain

## Best practice operations



## An even better Evotec

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Where is the fit?

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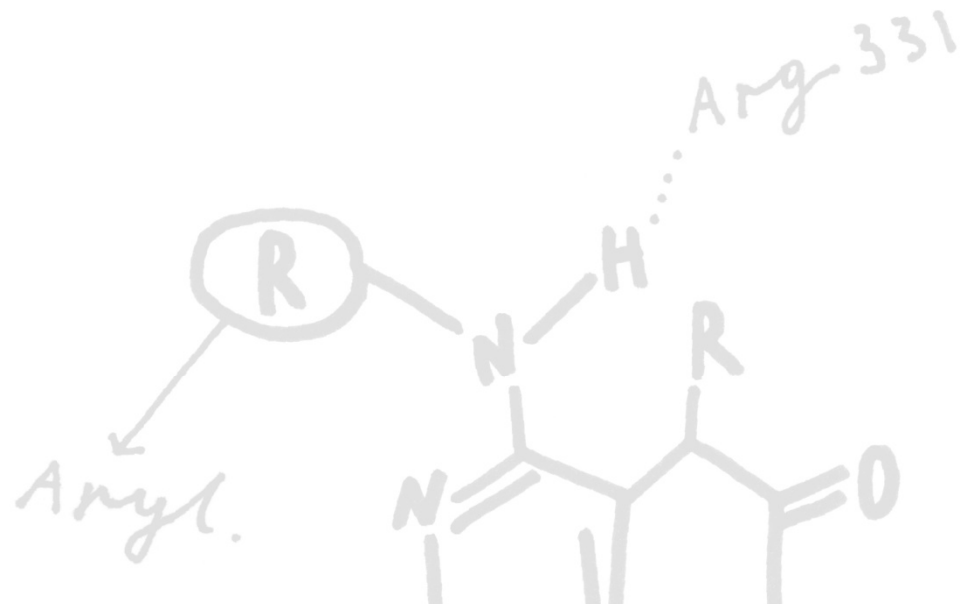
- Compound Focus' services strengthen Evotec's position in the drug discovery market
- Unique outsourcing partner for all research projects with a long-term incentive linked to compound storage and management
- Government organisations and existing Compound Focus customers can access other Evotec services and vice versa (cross selling synergies)



## Agenda

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## Compound Focus – leader in a niche market

Purchase, Storage and Management of Compound Libraries



- Compound Focus, Inc
- 100% owned by BioFocus
- Located in S. San Francisco
- Established in 2004 –the company was acquired by Galápagos in 2006
- Ca. 30 employees

# Quality leadership position fits to Evotec offerings

## Market position of Compound Focus

### Selected players in the marketplace - Potential market opportunity ca. €50m p.a.

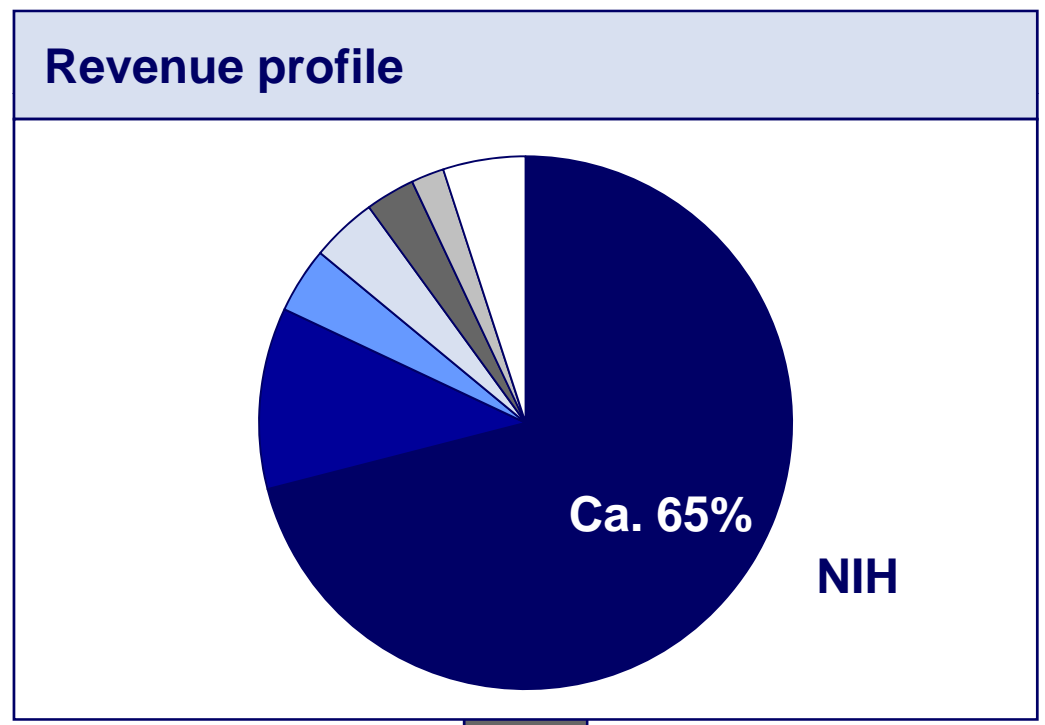
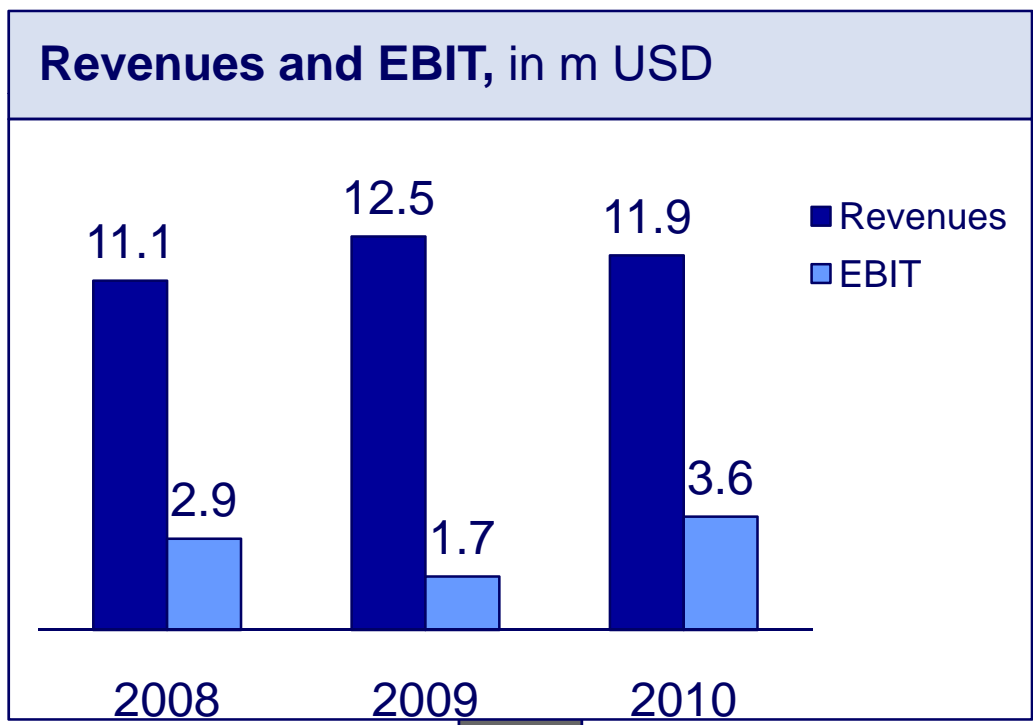
- In house Pharma
- SPECS (Europe)
- Sigma Aldrich
- ASDI

### Strong market presence – Compound Focus has signed 6 of the last 9 significant contracts in compound management



# A stable, profitable business, ready to grow

## Historic performance & revenue profile

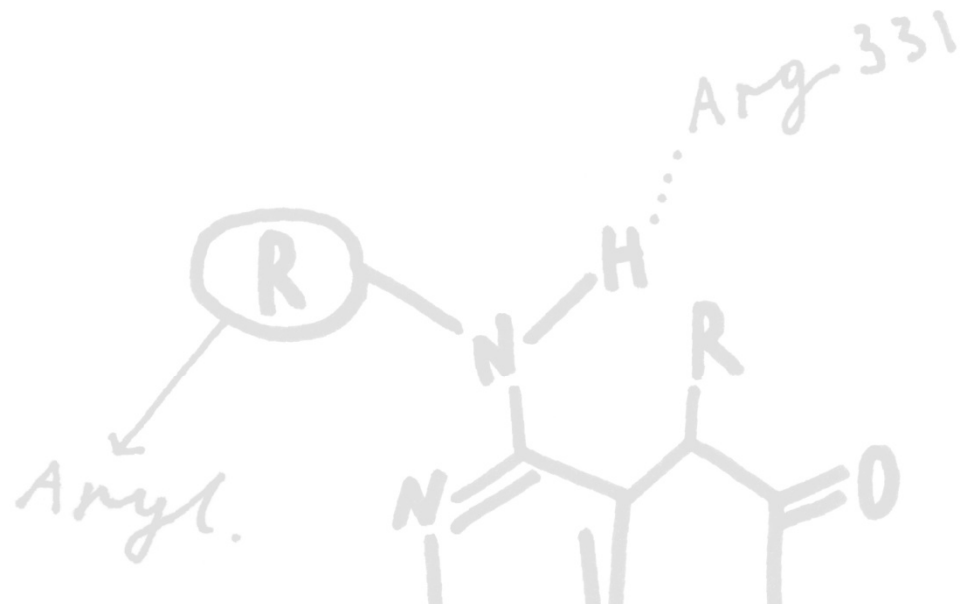


Revenue growth and profitability driven by increased pharma outsourcing and cross selling through Evotec's Discovery Alliance Business

## Agenda

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- Market opportunity & strategic rational
- Company profile and competitive advantage
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# Acquisition of Compound Focus Inc.

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## Terms and integration

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### Transaction

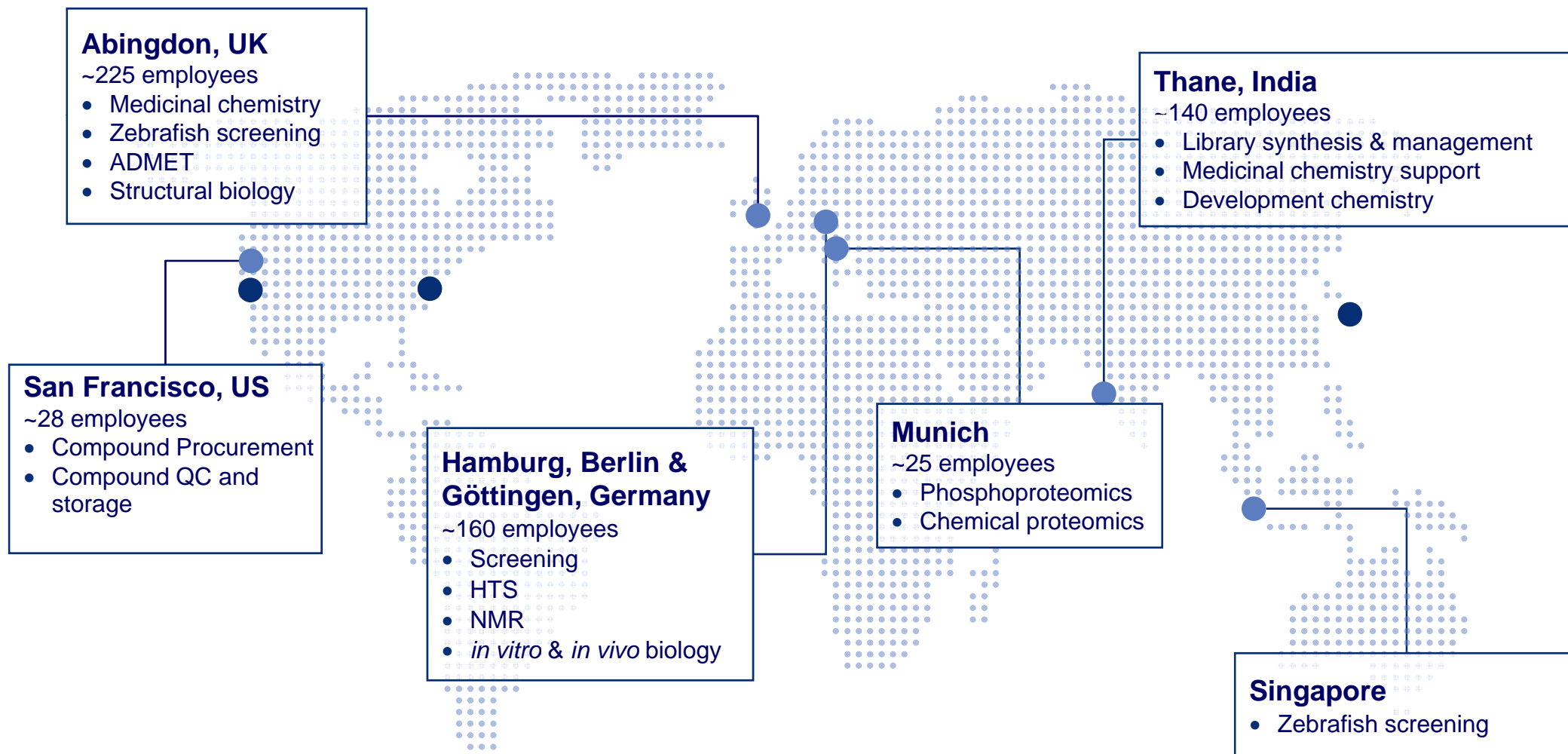
- Evotec acquires all shares in Compound Focus Inc.
- Total Deal €12.5m in cash
- Structure and Consideration:
  - Upfront: €10.25m
  - Earn-out of up to €2.25m, payable in three installments over the next 2 years, depending on reach of revenue targets and certain corporate milestones
  - Share deal closing in first week of June

### Integration

- Compound Focus, Inc. will be renamed “Evotec (San Francisco) Inc.”
- Compound Focus will be integrated into Evotec’s Drug Discovery Operations

# Global reach for global projects

Ca. 580 Evotec employees worldwide



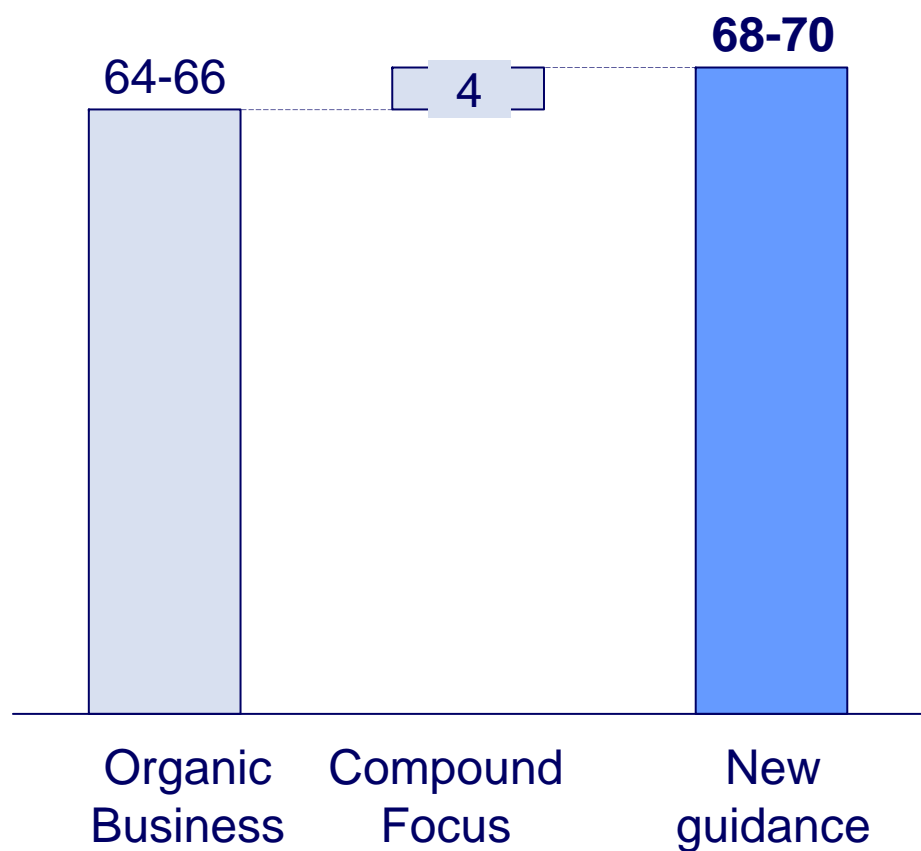
- Sales representation (San Diego, Boston, Tokyo)
- Operations & sales representation

# Compound Focus adds approx. €3 - 4 m revenues in 2011

Deal will be fully accretive in 2011

in € m

	<b>FY Guidance 3/2011</b>	<b>New FY Guidance</b>
<b>Revenues</b>	64 - 66	68 - 70
<b>Operating income (loss)</b>	Improved over 2010	Improved over 2010
<b>Net income (loss)</b>	Improved over 2010	Improved over 2010
<b>Unpartnered R&amp;D expenses</b>	approx. 10	approx. 10
<b>Liquidity at period end</b>	65 <sup>1)</sup>	55 <sup>1)</sup>



1) Excluding potential M&A activities, and payments from potential earn-out milestones to former shareholders of Kinaxo or DeveloGen



# Strong news flow to come

Outlook and next steps for 2011 ff

## Key milestones for 2011

- 1 Grow discovery alliances, build joint innovation alliances**
  - Build at least two significant new integrated technology/disease alliances
  - Deliver significant and accelerated preclinical/clinical milestones ✓
  - Show expansion success of existing alliances ✓
  - Show operational synergies of acquisitions ✓
- 2 Generate optimal pipeline progress & biotech values**
  - At least 1 strategic deal for an early asset
  - Generate more innovation upsides (e.g. Harvard cooperation, ...) ✓
- 3 Manage innovation and path to profitability**
  - Prepare growth of revenues by more than 15% y-o-y into 2012ff
  - Build profitability, without infringing innovation power
  - Keep strong strategic cash position

**Your contact:**

Dr Werner Lanthaler  
*Chief Executive Officer*

+49.(0).40.560 81-242  
+49.(0).40.560 81-333 Fax  
werner.lanthaler@evotec.com

